

Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

SWF-02 OIC-04 DRC-01 /175 W
----- 124976

R 192103Z APR 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 2314

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY QUITO

AMEMBASSY GUAYAQUIL

AMEMBASSY BRASILIA

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EO 11652: NA

TAGS: EAGR CO

SUBJ: BANANA EXPORT TAX

1. AGATT DISCUSSED STATUS OF PROPOSED BANANA EXPORT TAX WITH LOCAL UNITED BRANDS REP GEORGE FERNANDEZ. HE STATED THAT MIN AG HAD SCHEDULED MEETING APRIL 25 WITH LOCAL BANANA EXPORTERS TO MAKE FINAL DECISION ON EXPORT TAX WHICH IS SCHEDULED TO GO INTO EFFECT MAY 1. UNITED BRANDS WHICH IS FAR AND ABOVE THE LARGEST EXPORTER OF BANANAS HAS NOT BEEN INVITED TO ATTEND MEETING.

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2. FERNANDEZ HAS IMPRESSION THAT THE EXPORT TAX WILL TAKE THE

FORM OF AN INCREASE IN THE REINTEGRO OR AMOUNT OF FOREIGN EXCHANGE BANANA EXPORTERS MUST SURRENDER TO THE GOVERNMENT FOR EACH BOX SHIPPED. THE INCREASE WILL PROBABLY BE 40 CENTS/BOX AND WILL NOT DISCRIMINATE BETWEEN DOMESTIC AND FOREIGN EXPORTERS. IT WILL ALSO GO TO PRODUCERS RATHER THAN THE GOVERNMENT.

3. HE ADDED THAT HIGH UNITED BRANDS OFFICIALS ARE CURRENTLY IN COSTA RICA NEGOTIATING WITH THE GOVERNMENT ON HOW THE \$1.00/BOX TAX THERE WILL BE DIVIDED BETWEEN PRODUCERS AND THE GOVERNMENT. HE SAID THAT SINCE UNITED BRANDS IS BOTH A PRODUCER AND EXPORTER IN COSTA RICA IT IS TO THEIR ADVANTAGE TO GET THE PRODUCER SHARE AS HIGH AS POSSIBLE.

4. RE THE EFFECT OF THE IMPOSITION OF A \$1.00/BOX EXPORT TAX IN PANAMA ON APRIL 1, FERNANDEZ SAID IT WAS TOO EARLY TO TELL. HIS IMPRESSION WAS THAT UNITED BRANDS HAS REDUCED PURCHASES OF PANAMANIAN FRUIT. HOWEVER SINCE UNITED BRANDS WAS THE SOLE FOREIGN COMPANY OPERATING IN PANAMA THEY WERE PROCEEDING EXTREMELY CAUTIOUSLY FOR FEAR OF PROVIDING THE GOP ANY JUSTIFICATION FOR EXPROPRIATION OF THEIR INTERESTS THERE. HE SAID UNITED BRANDS WAS TAKING VERY SERIOUSLY THE COMMITMENT REPORTEDLY MADE BY THE NEW PRESIDENT OF VENEZUELA TO COSTA RICAN PRESIDENT FIGUERES THAT VENEZUELA WOULD PROVIDE FUNDS TO PAY FOR EXPROPRIATION OF FOREIGN BANANA OPERATIONS IN CENTRAL AMERICA. VAKY

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30 JUN 2005

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TAGS: EAGR, CO, UNITED FRUIT
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Type: TE
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